

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF)
MUHLENBERG COUNTY WATER DISTRICT) CASE NO. 97-346

O R D E R

On July 30, 1997, Muhlenberg County Water District ("Muhlenberg") filed its application with the Public Service Commission ("Commission") for the purpose of adjusting its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Muhlenberg purchases water from the Central City Water Commission ("Central City").
2. Effective September 9, 1997, Central City will increase its rates for wholesale water from \$1.15 per 1,000 gallons to \$1.20175 per 1,000 gallons.
3. Muhlenberg proposed to increase the rates to its customers effective September 9, 1997.
4. During the 12 months ending June 30, 1997, Muhlenberg purchased 511,712,000 gallons of water and sold 402,646,100 gallons.
5. Muhlenberg's calculations are correct and show an increase in purchased water cost of \$26,481, resulting in a purchased water adjustment of 6 cents per 1,000

gallons. Based on an average monthly usage of 5,000 gallons, monthly bills to Muhlenberg's customers will increase 30 cents from \$25.40 to \$25.70, or 1.2 percent.

6. It appears that Muhlenberg's rate design was inadvertently revised in Case No. 96-475,¹ its last purchased water adjustment procedure before the Commission. KRS 278.015 provides that when a wholesale supplier selling water to a water district increases its rates, the water district may increase its rates commensurate with the wholesale supplier. However, KRS 278.015 does not allow a change in rate design. Muhlenberg has a declining block rate design. Based on the purchased water adjustment in Case No. 96-475, the second step for 1-1/2 inch and 2-inch meter connections should have been increased from \$4.16 per 1,000 gallons to \$4.30 per 1,000 gallons. Instead, the final Order in that case incorrectly increased the second step for both 1-1/2 inch and 2-inch meter connections from \$4.16 per 1,000 gallons to \$4.90 per 1,000 gallons. As a result of the error in Case No. 96-475, the rates proposed by Muhlenberg in this proceeding should be denied.

7. The purchased water adjustment of 6 cents per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of 6 cents per 1,000 gallons and the rates in Appendix A are approved for services rendered on and after September 9, 1997.

2. Muhlenberg's proposed tariff is denied.

¹ Case No. 96-475, The Petition of Muhlenberg County Water District, Greenville, Kentucky, for Pass-Through Rate Adjustment, Final Order dated October 25, 1996.

3. Within 30 days of the date of this Order, Muhlenberg shall file revised tariff sheets setting out the rates approved herein.

4. Within 30 days of the date of this Order, Muhlenberg shall file verification that the notice to its customers has been given.

Done at Frankfort, Kentucky, this 29th day of August, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 97-346 DATED AUGUST 29, 1997,

The following rates and charges are prescribed for the customers in the area served by Muhlenberg County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

5/8 x 3/4-Inch Meter

First	2,000	Gallons	\$10.82	(Minimum Charge)
Next	8,000	Gallons	4.96	Per 1,000 Gallons
Next	10,000	Gallons	4.36	Per 1,000 Gallons
Next	30,000	Gallons	3.71	Per 1,000 Gallons
Over	50,000	Gallons	2.81	Per 1,000 Gallons

1-Inch Meter

First	5,000	Gallons	\$25.70	(Minimum Charge)
Next	5,000	Gallons	4.96	Per 1,000 Gallons
Next	10,000	Gallons	4.36	Per 1,000 Gallons
Next	30,000	Gallons	3.71	Per 1,000 Gallons
Over	50,000	Gallons	2.81	Per 1,000 Gallons

1-1/2-Inch Meter

First	11,000	Gallons	\$54.87	(Minimum Charge)
Next	9,000	Gallons	4.36	Per 1,000 Gallons
Next	30,000	Gallons	3.71	Per 1,000 Gallons
Over	50,000	Gallons	2.81	Per 1,000 Gallons

2-Inch Meter

First	16,000	Gallons	\$76.67	(Minimum Charge)
Next	4,000	Gallons	4.36	Per 1,000 Gallons
Next	30,000	Gallons	3.71	Per 1,000 Gallons
Over	50,000	Gallons	2.81	Per 1,000 Gallons

3-Inch Meter

First	26,000	Gallons	\$116.38	(Minimum Charge)
Next	24,000	Gallons	3.71	Per 1,000 Gallons
Over	50,000	Gallons	2.81	Per 1,000 Gallons

4-Inch Meter

First	36,000	Gallons	\$153.46	(Minimum Charge)
Next	14,000	Gallons	3.71	Per 1,000 Gallons
Over	50,000	Gallons	2.81	Per 1,000 Gallons

Wholesale Customer

Drakesboro	\$2.16	Per 1,000 Gallons
------------	--------	-------------------